OGD SERVICES HOLDINGS LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2021

OGD SERVICES HOLDINGS LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

CONTENTS

OGD SERVICES HOLDINGS LIMITED

MANAGEMENT AND ADMINISTRATION

			Date of appointment/ (Cessation)
DIRECTORS	:	Kaviraj Gossagne Nuckchedee	1st July 2014
	:	Sushil Kumar Baid	(25th April 2021)
	:	Ritish Doorbiz	18th September 2018
	:	Ketan Kantilal Shah	2nd September 2020
	:	Mangesh Sharma Jayram	25th April 2021

ADMINISTRATOR AND SECRETARY	:	Rogers Capital Corporate Services Limited St. Louis Business Centre Cnr Desroches and St. Louis Streets Port Louis Republic of Mauritius
REGISTERED OFFICE	:	Essar House, 10, Frere Felix de Valois Street Port Louis, Republic of Mauritius
AUDITORS	:	Moore Mauritius (formerly known as Moore Stephens, Mauritius) Chartered Accountants 6th Floor, Newton Tower, Sir William Newton Street, Port-Louis, Republic of Mauritius
BANKERS	:	Standard Chartered Bank (Mauritius) Limited 6th Floor, Standard Chartered Tower, Cybercity Ebene 72201 Republic of Mauritius State Bank of India City Office, 15, Kings Street London Axis Bank Limited, 805-809, Alexandra House, 18, Charter road, Central Hong Kong

COMMENTARY OF THE DIRECTORS

The directors present their annual report, together with the audited financial statements of **OGD Services Holdings Limited** for the year ended March 31, 2021.

PRINCIPAL ACTIVITY

The Company was incorporated on May 19, 2005 and its main activity consists of offshore and onshore drilling and oilfield services.

RESULTS

The results for the year are shown in the statement of profit or loss and other comprehensive income on page 9 of the financial statements.

DIRECTORS

The directors in office during the year were as stated on page 2.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRS) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

AUDITORS

The Auditors, **Moore Mauritius, Chartered Accountants (formerly known as Moore Stephens, Mauritius)**, have indicated their willingness to continue in office and a resolution concerning the appointment with the proposal at the Annual Meeting of Shareholders is placed.

Certificate from the Company Secretary
for the year ended 31 March 2021

OGD Services Holdings Limited ("the Company")

Pursuant to the provision of Section 166(d) of the Mauritius Companies Act 2001 and to the best of our knowledge and belief, we hereby certify that the Company has filed with the Registrar of Companies all such returns as are required of the Company under this Act, for the financial year ended 31 March 2021.

Rogers Capital Corporate Services Limited
Company Secretary

Address:
3rd Floor, Rogers House
No. 5 President John Kennedy Street
Port Louis
Mauritius

Date: 5 JUN 2021

MOORE Mauritius
6th Floor, Newton Tower
Sir William Newton Street
Port-Louis, Mauritius
T (230) 211 6535
F (230) 211 6964
E moore-mauritius@intnet.mu
www.moore-mauritius.mu

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
OGD SERVICES HOLDINGS LIMITED
(formerly known as ESSAR OILFIELDS SERVICES LIMITED)

Report on the Audit of the financial statements

Opinion

We have audited the financial statements of **OGD SERVICES HOLDINGS LIMITED** (the "Company'') set out on pages 8 to 32 which comprise the statement of financial position as at 31 March 2021 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements give a true and fair view of the financial position of the Company as at 31 March 2021 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as modified by the exemption from consolidation in the Companies Act 2001 for companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

The Company has accumulated losses of USD 570,325,201 (2020: USD 563,534,538) and has a shareholder's deficit of USD 116,492,930 (2020: USD 109,702,267). Management has confirmed that the Company will be able to service its debt as described under note 24 of the financial statements. Accordingly, management has prepared the financial statements on a going concern basis. This assessment involved judgements and estimates that may have a significant material uncertainty on the Company's ability to repay its obligation as and when it falls due. Our opinion is not qualified in this respect.

Other Information

The directors are responsible for the other information. The other information comprises the Commentary of the Directors and the Certificate from the Company Secretary. The other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
OGD SERVICES HOLDINGS LIMITED
(formerly known as ESSAR OILFIELDS SERVICES LIMITED)

Report on the audit of the financial statements (Continued)

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Report on the audit of the financial statements (Continued)

Auditors' responsibilities for the audit of the financial statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matter

This report is made solely to the Company's members, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters that we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Moore

MOORE Mauritius
Chartered Accountants

Arvin ROGBEER, FCA, FCCA
Licensed by FRC

PORT LOUIS
REPUBLIC OF MAURITIUS

DATE: 07 June 2021

OGD SERVICES HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

	Notes	March 31, 2021 USD	March 31, 2020 USD
ASSETS			
Non-current assets			
Plant and equipment	6	**17,668,685**	23,852,699
Investments in subsidiaries	7	**-**	-
Total non-current assets		**17,668,685**	23,852,699
Current assets			
Inventories, at cost	8	**-**	-
Trade and other receivables	9	**3,216,936**	5,642,158
Cash and cash equivalents	10	**1,419,652**	28,862
Total current assets		**4,636,588**	5,671,020
TOTAL ASSETS		**22,305,273**	29,523,719
EQUITY AND LIABILITIES			
Equity			
Stated capital	11	**246,600,001**	246,600,001
Compulsory convertible preference shares		**207,232,270**	207,232,270
Accumulated losses		**(570,325,201)**	(563,534,538)
Total Shareholder's deficit		**(116,492,930)**	(109,702,267)
Non current liabilities			
Borrowings - due after one year	12	**-**	30,022,790
Total non current liabilities		**-**	30,022,790
Current liabilities			
Borrowings - due within one year	12	**127,018,916**	100,872,596
Trade and other payables	13	**7,834,505**	4,817,543
Current tax liabilities	21	**3,944,782**	3,513,057
Total current liabilities		**138,798,203**	109,203,196
Total liabilities		**138,798,203**	139,225,986
TOTAL EQUITY AND LIABILITIES		**22,305,273**	29,523,719

The financial statements have been approved and authorised by the Board of Directors on June 05, 2021 and signed on its behalf by :

Director :
(Ritish Doorbiz)

Director :
(Mangesh Jayram)

The notes on pages 12 to 32 form an integral part of these financial statements.

OGD SERVICES HOLDINGS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2021

	Notes	March 31, 2021 USD	March 31, 2020 USD
Operating revenue	15	**3,817,551**	10,730,388
Cost of sales	17	**(7,151,446)**	(6,803,045)
GROSS PROFIT/ (LOSS)		**(3,333,895)**	3,927,343
Other income	16	**1,871,004**	9,300,130
General and administration expenses	17	**(854,320)**	(819,372)
Finance costs	18	**(4,473,452)**	(4,676,894)
Impairment loss on investments	7	**-**	(53,927,551)
LOSS BEFORE TAX		**(6,790,663)**	(46,196,344)
Income tax			
Tax expense	21	-	-
LOSS FOR THE PERIOD AFTER TAX		**(6,790,663)**	(46,196,344)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(6,790,663)**	(46,196,344)

The notes on pages 12 to 32 form an integral part of these financial statements.

OGD SERVICES HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

	Stated capital USD	Compulsory convertible preference shares USD	Accumulated losses USD	Total USD
Balance at April 01, 2019	246,600,001	207,232,270	(517,338,194)	(63,505,923)
Loss for the year	-	-	(46,196,344)	(46,196,344)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	(46,196,344)	(46,196,344)
Issue of compulsory convertible preference shares	-	-	-	-
Balance at March 31, 2020	246,600,001	207,232,270	(563,534,538)	(109,702,267)
Loss for the year	-	-	(6,790,663)	(6,790,663)
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) for the period	-	-	(6,790,663)	- (6,790,663)
Balance at March 31, 2021	**246,600,001**	**207,232,270**	**(570,325,201)**	**(116,492,930)**

The notes on pages 12 to 32 form an integral part of these financial statements.

OGD SERVICES HOLDINGS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

	Notes	March 31, 2021 USD	March 31, 2020 USD
Cash flows from operating activities			
Loss for the year		**(6,790,663)**	(46,196,344)
Adjustments:			
Depreciation	6	**6,184,014**	6,147,301
Finance cost	18	**4,473,452**	4,676,894
Impairment loss on investments	7	**-**	53,927,551
Write back of payables & provision		**-**	(8,945,618)
Write off of receivables	17	**-**	518,280
Interest income	16	**(15,079)**	(31,728)
Unrealised exchange gain/(loss), net		**416,670**	(322,793)
		4,268,394	9,773,543
Changes in working capital:			
- Trade and other receivables		**2,414,905**	1,399,795
- Trade and other payables		**551,784**	304,202
Cash generated from operations		**7,235,083**	11,477,540
Income taxes paid		**-**	-
Net cash generated from operating activities		**7,235,083**	11,477,540
Cash flows from investing activities			
Advances given to group companies		**(174,762)**	-
Payment received against advances given to group companies		**170,000**	292,500
Net cash generated from investing activities		**(4,762)**	292,500
Cash flows from financing activities			
Repayment of borrowings		**(3,612,369)**	(6,429,276)
Upfront fees and other bank charges paid		**-**	(4,742)
Interest paid		**(2,012,662)**	(5,384,887)
Advances received from group company		**108,500**	24,000
Payment made to group company against advances received		**(323,000)**	-
Net cash used in financing activities		**(5,839,531)**	(11,794,905)
Net (decrease)/increase in cash and cash equivalents		**1,390,790**	(24,865)
Net movement in cash and cash equivalent			
Cash and cash equivalents at the beginning of the period		**28,862**	53,727
Net movement in cash and cash equivalents		**1,390,790**	(24,865)
Cash and cash equivalents at the end of the period	10	**1,419,652**	28,862

The notes on pages 12 to 32 form an integral part of these financial statements.

1. GENERAL INFORMATION

1.1 OGD Services holdings Limited (the "Company") was incorporated in Mauritius on May 19, 2005 and is domiciled in Mauritius as a Category 1 Global Business License Company. Its immediate and ultimate holding Companies are Essar Shipping Limited and Essar Global Fund Limited (formerly known as Essar Global Limited) respectively. The Company is primarily engaged in providing Oilfield Drilling Services (Off-Shore and On-Shore) and activities of holding investments in Oilfields Assets. The Registered Office of the Company is located at Essar House,10, Frère Félix de Valois Street, Port Louis, Mauritius.

For the purpose of operation of Essar Wildcat rig, the Company has established a "project office" in Indonesia on August 15, 2011 under the name and style of "BUT Essar Oilfields Services Limited", as per the requirements of local laws.

1.2 STATEMENT OF COMPLIANCE

The aforesaid financial statements are separate financial statements of the Company and have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and modified by the Companies Act 2001 and further described under note 23 and in compliance with the Companies Act 2001.

2. BASIS OF PREPARATION

The financial statements are prepared under historical cost convention except for financial assets and financial liabilities which are measured at amortised cost.. The principle accounting policies are set out in Note 4. The financials are presented in US$ and all values are disclosed in full.

3. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the course of applying the policies outlined in all notes under section 4 below, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgment and estimation have been made in the following areas:

3.1 Intended use, useful lives and residual value of plant and equipment

Based on technical evaluations, management makes its judgement when plant and equipment are capable to operate in the manner intended by them. (Refer note 6)
Management reviews the useful lives and residual values of plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly depreciable lives are reviewed annually using the best information available to the Management.

3.2 Impairment of non - financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).
Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated rig hire rates, market demand and supply, economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of assets. For useful lives of assets, refer note 4 (viii).

3. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

3.3 Impairment of investments in subsidiaries

The Company follows the guidance of IAS 36 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

3.4 Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

3.5 Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised. For further details, refer note 22.

3.6 Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates. For further details, refer note 20.

3.7 Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted. The quantum of impairment is a matter of judgment.

3.8 Allowance for doubtful debts on receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables and continuing credit evaluation of the customers' financial strength. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

3.9 Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include technological changes, physical deterioration and quality issues. For further details, refer note 8.

3.10 Tax

The Company is subject to tax, principally in Mauritius and in Indonesia. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of each country is agreed with/ assessed by the relevant tax authorities, refer note 21.

4. SIGNIFICANT ACCOUNTING POLICIES

(i) Financial instruments

Financial assets, financial liabilities and equity instruments are recognised when the Company has become a party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets. When financial assets are recognised initially, they are measured fair value. These investments / assets do not generally contain embedded derivatives when the Company first becomes party to it.

The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed and determinable payments that are not quoted in an active market. Loans and receivables including trade and other receivables, bank balances and cash, are measured at amortised cost using effective interest method, less any impairment.

Interest income is recognised by applying effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash comprises cash at bank and demand deposits.
Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Margin deposits with maturity period less than 90 days are included in cash and cash equivalents.

Trade and other receivables

Trade and other receivables do not carry any interest and are initially stated at their fair values and are subsequently measured at amortised cost using the effective interest method.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definition of a financial liability and an equity instrument.

Borrowings and bills payable

Interest-bearing loans, commercial paper, overdrafts and bills payable are recorded at the proceeds received or funds raised, net of direct issue / transaction costs, if any. Finance charges, including premium payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables

Trade and other financial liabilities are initially stated at fair values and subsequently measured at amortised cost using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (continued)

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Fair value

The Company assesses at each reporting date whether a financial asset is to be impaired.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset/ liability and of allocating interest income / expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset/liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis.

(ii) Investment in subsidiaries

A subsidiary is an entity in which the Group has control. Control is achieved when the Company :
(a) has power over the investee
(b) is exposed or has rights to variable returns from its involvement with the investee
(c) the ability to use its power over the investee to affect the amount of the investor's returns

Investment in subsidiary is shown at cost. Where an indication of impairment exists, the recoverable amount of investment is assessed. Where the carrying amount is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of profit or loss and other comprehensive income. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

The Company does not prepare group financial statements as described under note 23

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Revenue recognition (Continued)

Rendering of services

Revenue from contracts of offshore drilling services are recognised at the contractual rates as labour costs and direct expenses are incurred.
Revenue is measured at the fair value of the consideration received or receivable

Revenue is recognised when:
(a) It is probable that the economic benefits associated with the transaction will flow to the entity; and
(b) The amount of the revenue can be measured reliably.

Interest income

Interest income from a financial asset is recognised when it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iv) Borrowing costs

Borrowing costs (including foreign exchange differences) directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of the assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the income statement in the period in which they are incurred.

(v) Foreign currencies

These financial statements have been expressed in United States dollars (USD), the functional currency of the Company.
Foreign currency transactions are recorded at the standard exchange rates determined monthly which approximates the actual rate on the date of transaction. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in statement of profit or loss.

(vi) Provisions

A provision is recognised when:
(a) The Company has a present obligation (legal or constructive) as a result of a past event;
(b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
(c) A reliable estimate can be made of the amount of the obligation. Provisions are measured at the management's best estimate of the expenditure required to settle that obligation at the reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(vii) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.
The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the future taxable profits will be available against which deductible temporary differences can be utilised.

(viii) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition for its intended use. The Company depreciates plant and equipment using straight line method (SLM) and all the other assets using the written down value method (WDV), so as to systematically depreciate the cost of such assets over their estimated useful lives.

The useful lives from the year of built of an asset / rates of depreciation are estimated as follows:

Class of asset	Basis	Useful life / rates of depreciation
Plant and equipment	SLM	10 - 15 years
Office equipment	WDV	10% to 40%
Furniture and fixtures	WDV	10% to 40%

When assets are disposed or retired, their cost and accumulated depreciation are removed from the financial statements. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in the income statement for the relevant period.

(ix) Impairment of assets

At end of each reporting period, the Company reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indications exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of net selling price (fair value less costs to sell) and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre - tax discount rate that reflects current market assessments of the time value of money and the risks specified to the asset. Impairment losses are recognised as an expense in the statement of profit or loss and other comprehensive income for an amount by which the carrying amount of the asset exceeds its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Operating leases

Company as lessor:

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Company as lessee:

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(xi) Inventories

Inventories mainly comprise of stores and spares. Inventories are stated at the lower of cost and net realisable value. Costs are assigned to the inventories on first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

5. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The accounting policies adopted are consistent with those of the previous financial year except that in the current year, the Company has adopted all the amendments to IFRSs issued that are relevant to its operations and effective for annual periods beginning on 1 January 2018. The adoption of these amendments to IFRSs has had no material financial impact on the financial performance and financial position of the Company.

(i) Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRS 16 Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Company has adopted IFRS 16 from April 01, 2020, but has not restated comparatives for financial year ended March 31, 2021, as permitted under the specific transition provisions. The reclassifications and adjustments arising from the new leasing rules are recognised in the opening balance sheet on April 01,2020. The standard has no impact on the Company's financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirement to provide information about judgements and estimates made in preparing the financial statements. The interpretation has no impact on the Company's financial statements.

Prepayment Features with negative compensation (Amendments to IFRS 9) enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The amendments have no impact on the Company's financial statements.

Long- term Interests in Associates and Joint Ventures (Amendments to IAS 28) clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. The amendments have no impact on the Company's financial statements.

5. **APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)**

(i) **Standards, Amendments to published Standards and Interpretations effective in the reporting period (continued)**

The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. The amendment has no impact on the Company's financial statements.

Annual Improvements to IFRSs 2015–2017 Cycle

IFRS 3 – clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.

IFRS 11 – clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.

Annual Improvements to IFRSs 2014–2016 Cycle (cont'd)

IAS 12 – clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

IAS 23 – clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments have no impact on the Company's financial statements.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarify that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.

- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.

- separately recognise any changes in the asset ceiling through other comprehensive income.

The amendments have no impact on the Company's financial statements.

(ii) **Standards, Amendments to published Standards and Interpretations issued but not yet effective**

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2020 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 17 Insurance Contracts

Definition of a Business (Amendments to IFRS 3)

Definition of Material (Amendments to IAS 1 and IAS 8)

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Where relevant, the Company is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

6. PLANT AND EQUIPMENT	Plant and equipment USD	Office equipment USD	Furniture and fixtures USD	Total USD
Cost:				
Balance at April 01, 2019	482,584,648	68,810	17,108	482,670,566
Additions during the year	-	-	-	-
Balance at March 31, 2020	**482,584,648**	**68,810**	**17,108**	**482,670,566**
Additions during the year	-	-	-	-
Balance at March 31, 2021	**482,584,648**	**68,810**	**17,108**	**482,670,566**
Depreciation:				
Balance at April 01, 2019	452,584,648	68,810	17,108	452,670,566
Depreciation for the year	6,147,301	-	-	6,147,301
Balance at March 31, 2020	**458,731,949**	**68,810**	**17,108**	**458,817,867**
Depreciation for the year	**6,184,014**	-	-	**6,184,014**
Balance at March 31, 2021	**464,915,963**	**68,810**	**17,108**	**465,001,880**
Carrying amount:				
At March 31, 2020	23,852,699	-	-	23,852,699
At March 31, 2021	**17,668,685**	-	-	**17,668,685**

Note:

Plant and equipment mainly include semi-submersible rig having gross amount of USD 482,584,648 (previous year USD 482,584,648) which is secured against the syndicated term loan of USD 85,211,140 (previous year USD 89,043,532) and also carries second preferred mortgage against the loan availed by IDH International Drilling Holdco Limited amounting to USD 150,000,000 (previous year USD 150,000,000).

In the year 2019, the Company has assessed the fair value of semi-submersible (Plant) through independent surveyor and recognised the impairment of USD 74,085,784 accordingly. The impairment loss has been included in Statement of Profit or Loss. The fair value of this plant is USD 30 million as per the independent valuation report.

Depreciation expense of USD 6,184,014 (2020: USD 6,147,301) has been charged in cost of sales.

7. INVESTMENT IN SUBSIDIARIES

	March 31, 2021 USD	March 31, 2020 USD
Opening balance	-	53,927,551
Disposals	-	-
Impairment	-	(53,927,551)
Closing balance	-	-

Details of the equity investments held are as follows:

Name of the investee company	Economic interest 2018 & 2019	Nature of activity	Cost March 31, 2021 USD	Cost March 31, 2020 USD
OGD Services Limited, (formerly known as Essar Oilfield Services India Limited) (968,532,906 (previous year 968,532,906) equity shares of Rs. 10 each)	100%	Drilling & oilfields service activities	-	-
			-	-

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the equity investments held are as follows: (continued)

Note 1:- 335,573,301 (previous year 335,573,301) equity shares in OGD Services Limited ("OGDSL") (formerly known as Essar Oilfield Services India Limited), India have been pledged by the Company to the lenders of OGDSL for availing term loan.

Note 2:- The carrying amount of investment in equity shares of OGD Services Limited, , a wholly owned subsidiary of the Company, is USD 53,927,551/- as at March 31, 2019. The management of the Company has performed an annual impairment test. internally during the year 2020, on this investment and impaired the full carrying amount of USD 53,927,551 during FY 2019-20.

8. INVENTORIES, AT COST

The inventories mainly comprise of stores and spares. The cost of inventories recognised as expenses during the year was USD 367,344 (previous year USD NIL).

9. TRADE AND OTHER RECEIVABLES

	March 31, 2021 USD	March 31, 2020 USD
Current		
Trade receivables from related parties (refer note 19)	**50,967**	1,967,893
Loans to related parties (including interest accrued) (refer note (i) below) (refer note 19)	**605,704**	585,863
Advance given to suppliers	**791,787**	893,337
Advance tax recoverable (refer note ii)	**712,765**	1,189,221
Service tax/VAT receivables	**1,005,844**	1,005,844
Other deposits	**49,869**	-
Total	**3,216,936**	5,642,158

Note

i) Loans to related parties are unsecured and carry interest of 7.5% (previous year 7.5%). The management does not consider them as a credit risk as these parties have sound financial track record. Further, considering the past experiences, there is no indication of inability to discharge the debts by these related parties.

ii) OGD Services Limited has been recovering withholding Tax (WHT) on Bareboat Charter and the same is being deposited to Indian Tax Authorities. Since the Company has reported carry forward losses, no tax liability arising out of bareboat charter income. The Company has filed the tax returns in India and claiming refund of WHT paid by OGD Services Limited against Bareboat Income and hence disclosed as receivable.

iii) The Company has critically reviewed all the trade and other receivables as on March 31, 2020 and concluded that certain amounts are not recoverable and accordingly written off a total amount of USD 518,280/-

10. CASH AND CASH EQUIVALENTS

	March 31, 2021 USD	March 31, 2020 USD
Cash at banks	**1,419,652**	28,862

11. EQUITY SHARES	March 31, 2021 Number	March 31, 2020 Number	March 31, 2021 USD	March 31, 2020 USD
(i) Stated Capital				
Issued and fully paid:				
Ordinary shares of USD 1 each fully paid up	**246,600,001**	246,600,001	**246,600,001**	246,600,001

Terms/rights attached to ordinary shares

(i) The ordinary share capital of the Company comprising of 246,600,001 (previous year 246,600,001) ordinary shares of USD 1 each are held by the holding company, Essar Shipping Limited. Each ordinary share carries one voting rights and rights to dividend.

(ii) 0.01% Compulsory Convertible Preference Shares (CCPS)

	March 31, 2021 Number	March 31, 2020 Number	March 31, 2021 USD	March 31, 2020 USD
Conversion of 7% Redeemable Cumulative Preference Shares into CCPS (Note 12)	**19,873,227**	19,873,227	**198,732,270**	198,732,270
Change in terms of 7% Compulsorily convertible preference shares to 0.01% CCPS (Note 12)	**850,000**	850,000	**8,500,000**	8,500,000
Total	**20,723,227**	20,723,227	**207,232,270**	207,232,270

Key terms of the proposed 0.01% Compulsorily Convertible Preference Shares (CCPS)

a) 1 (One) CCPS shall be converted into 10 (ten) Equity Share at the Face Value of US$ 1 Each, Fully Paid-Up, ranking in pari-passu with the existing Equity Shares of the Company i) at any time after 6 Months from the Date of Issue at the request of the Holder or the Issuer by giving 30 Days' Notice; or ii) Compulsorily at the End of 10 Years from Date of Issue, if not converted earlier.

b) Dividend: the holders of CCPS shall be entitled to receive dividend at 0.01%, at the option of the Issuer.

c) The Dividend shall be Non-Cumulative.

d) CCPS Holders shall be entitled to participate in any distribution of assets upon liquidation of the Company in the same ratio as that of Equity Shareholders of the Company.

e) Preference shares shall not carry any Right to distributions or voting rights, whether during the life of the Company or on its Winding-Up, other than as set out in this Article.

f) Subject to Article 10 of the Constitution of the Company, the CCPS shall not carry any Voting Rights. Further, from the date of conversion of CCPS, the Voting Percentage of all the Shares, holding the Ordinary Equity Shares, shall be in proportion to their shareholding in the Company. Further, the Ordinary Equity Shares, allotted to the Holders on conversion of the CCPS, shall rank pari-passu, in all respects, with the then existing Equity Shares of the Company.

g) Compulsorily Convertible Preference Shares, shall be, subject to the Section 46 of the Mauritian Companies Act, 2001.

12. **BORROWINGS**	**March 31, 2021 USD**	March 31, 2020 USD
Secured loans: (at amortised cost)		
- Syndicated term loans (refer note i & ii)	**92,828,734**	96,441,104
Unsecured loans from a related parties (refer note vi) (refer note 19)	**34,190,182**	34,454,282
Total borrowings	**127,018,916**	**130,895,386**
Due within one year		
- Syndicated term loans (refer note i & ii)	**92,828,734**	66,418,314
- Unsecured loan to related party (refer note 19)	**34,190,182**	34,454,282
	127,018,916	**100,872,596**
Due after one year		
- Syndicated term loans (refer note i & ii)	**-**	30,022,790

Movement schedule of preference shares of USD 10 each

Summary of borrowing arrangements:

(i) The syndicated term laons of the Company from banks are secured by charge on Essar Wildcat Rig and corporate guarantees from IDH International Drilling Holdco Limited.

(ii) The Management had given a restructuring proposal for changing the interest rate, from 3M LIBOR + 600 basis points to fixed at 4.50%, and repayment schedule of borrowings in October 2017 so as to align the repayment/interest with revenue. The Company has received the approval for the said restructuring proposal from Axis Bank, the lead bank of the consortium of lenders, and is pursuing with other banks seeking their approvals. The Company has been servicing the lenders as per the restructuring proposal regularly.

(iii) Based on the request made by the Company, the board of the parent company, Essar Shipping Limited, had provided their consent to convert the 7% Redeemable Cumulative Preference Shares of 19,873,227 into 0.01% Compulsorily Convertible Preference Shares upon receipt of necessary regulatory approvals.

Accordingly, 7% Redeemable Cumulative Preference Shares had been converted into 0.01% Compulsorily Convertible Preference Shares as on February 08, 2019.

(iv) The Company was holding 7% Compulsorily convertible preference shares of USD 10 each for an aggregate principal amount of $ 8.5 million. The terms of these compulsorily convertible preference shares were changed as 0.01% Compulsorily Convertible Preference Shares on February 08, 2019 after due approvals from its holding Company, Essar Shipping Limited.

(v) Unsecured loans from related parties carries interest rate of 5.55% to 7.5% (2020: 5.55% to 7.5%) and repayable on demand.

13. TRADE AND OTHER PAYABLES

	March 31, 2021 USD	March 31, 2020 USD
Current		
Trade payables	**1,628,090**	1,201,349
Accrued expenses (refer note (iii) below)	**1,435,403**	1,255,661
Payables to related parties (refer note 19) & (refer note (ii) below)	**181,598**	122,598
Interest payable to banks	**2,976,002**	731,020
Interest payable to related parties (refer note 19)	**1,613,412**	1,506,915
Total	**7,834,505**	4,817,543

Notes:

i) Trade and other payables principally comprises amounts outstanding for trade purchases and operating costs. The carrying amount of trade payables approximates to their fair values.

ii) The Company has thoroughly reviewed all the payables and concluded that some of the amounts were long outstanding and need not be paid. Accordingly, written back and recognised as other income as on March 31, 2020. (note 16)

iii) The Company, as a prudent accounting practice, have been provided the interest for the delay in payment of Indonesia Tax . The Indonesian Tax Authorities issued a demand notice for IDR 57,297,961,030/- on March 16, 2020. As per the demand notice, the excess provision made has been reversed in the books as on March 31, 2020.

14. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Company has limited involvement in derivative financial instruments and does not use them for trading purposes. The Company doesn't have any derivative financial instruments for assessment and disclosure future cash flow hedges.

15. OPERATING REVENUE

	March 31, 2021 USD	March 31, 2020 USD
Rig operating and chartering earnings (refer note 19)	**3,817,551**	10,730,388

16. OTHER INCOME

	March 31, 2021 USD	March 31, 2020 USD
Interest income from related parties (refer note 19)	**15,079**	31,728
Other income (refer note (i) below)	**1,855,925**	8,945,618
Foreign exchange gain	-	322,785
Total	**1,871,004**	9,300,131

i)The Company has thoroughly reviewed all trade and other payables, and concluded that some of the amounts were long outstanding and need not be paid. Accordingly, these have been written back in the books and recognised as other income as on March 31, 2020.

17. PROFIT FOR THE YEAR HAS BEEN STATED AFTER CHARGING

	March 31, 2021 USD	March 31, 2020 USD
Cost of sales which include:		
Cost of inventory	**367,344**	-
Salaries & Wages	**130,532**	-
Repairs & maintenance	**469,556**	655,744
Depreciation	**6,184,014**	6,147,301
Total	**7,151,446**	6,803,045
General and administration expenses which include:		
Receivables written off	-	518,280
Foreign exchange loss	**416,670**	-
others	**437,650**	301,092
Total	**854,320**	**819,372**

18. FINANCE COST

	March 31, 2021 USD	March 31, 2020 USD
Interest on syndicated loan from banks	**4,257,643**	4,524,591
Interest on loans from related parties (refer note 19)	**106,497**	106,791
Unwinding of upfront fee	-	40,770
Bank charges	**109,312**	4,742
Total finance cost	**4,473,452**	4,676,894

19. RELATED PARTY TRANSACTIONS

Details of related parties

a) **Holding companies :**

i) Essar Global Fund Limited, Cayman Islands, ultimate holding company

ii) Essar Shipping Mauritius Holdings Limited

iii) Essar Ports & Shipping Mauritius Limited , Mauritius, intermediate holding company (from 27th March 2015)

iv) Essar Ports & Shipping HoldCo Limited, Mauritius, intermediate holding company (from 27th March 2015)

v) Essar Ports & Shipping Jersey Ltd, Jersey, intermediate holding company (from 27th March 2015)

vi) Essar Ports and Shipping Limited, Mauritius, immediate holding company (from 27th March 2015)

vii) Essar Shipping Limited, immediate holding company

b) **Subsidiary:**

i) OGD Services Limited

c) **Fellow subsidiaries where there have been transactions:**

i) Essar Global Services Limited

ii) OGD-EP-SARL

iii) Essar Shipping (Cyprus) Limited

iv) Arkay Logistics Limited

v) Essar Investment Holdings Mauritius (formerly known as Energy Holdco Mauritius Limited)

19. RELATED PARTY TRANSACTIONS (CONTINUED)

During the period ended March 31,2021 and (2020) , the Company transacted with related parties. The nature, volume and type of transactions and balances with the parties are as follows:

Nature of transactions	Holding companies USD	Fellow subsidiaries USD	Subsidiary company USD	Total USD
Interest income	**15,079**	-	-	**15,079**
	(31,728)	(-)	(-)	(31,728)
Charter hire income	-	-	**3,817,551**	**3,817,551**
	(-)	(-)	(10,730,388)	(10,730,388)
Reimbursement of Expenses	-	-	**1,750,967**	**1,750,967**
	(-)	(-)	(-)	(-)
Finance cost	-	**106,497**	-	**106,497**
	(-)	(106,791)	(-)	(106,791)
Consultancy services and professional charges	-	-	**212,000**	**212,000**
	(-)	(24,912)	(-)	(24,912)
Loans and advances given	-	**174,762**	-	174,762
	(-)	(-)	(-)	(-)
Loans and advances taken	-	**108,500**	-	**108,500**
	(-)	(24,000)	(-)	(24,000)

Outstanding balances as on March 31, 2021 and (2020)

Nature of balances	Holding companies USD	Fellow subsidiaries USD	Subsidiary company USD	Total USD
Loans to related parties (including interest accrued)	**429,917**	**175,787**	-	**605,704**
	(585,863)	(-)	(-)	(585,863)
Trade and other payables	-	**119,598**	**62,000**	**181,598**
	-	(122,598)	(-)	(122,598)
Trade and other receivables	-	-	**50,967**	**50,967**
	(-)	(-)	(1,967,893)	(1,967,893)
Unsecured loan including interest accrued	-	**35,923,191**	-	**35,923,191**
	(-)	(35,961,197)	(-)	(35,961,197)
Compulsorily convertible preference shares	**207,232,270**	-	-	**207,232,270**
	(207,232,270)	(-)	(-)	(207,232,270)
Guarantees given on behalf of the Company	**95,804,736**	-	-	**95,804,736**
	(97,172,124)	(-)	(-)	(97,172,124)

Note: Figures of previous year have been shown in brackets.

20. FINANCIAL INSTRUMENTS

(i) Capital market risk

The Company is into capital intensive industry; wherein it needs significant amount of funds to finance the acquisition and for refurbishment of the rigs before it goes in to operation. The Company has financed its capital requirements through share capital invested by its holding company and also through borrowings which is backed by the charge on the assets. The Company currently has capital gearing ratio of -107.82% (previous year -119.29%) as disclosed below; however the ratio would come down gradually as the Company makes repayment of the said debt from funds generated from the operations.

The capital structure of the Company consists of net debt (borrowings as detailed in note 12 offset by cash and bank balances) and equity of the Company (comprising ordinary share capital and retained earnings).

The gearing ratio for the period ended was as follows;

	March 31, 2021 USD	March 31, 2020 USD
Particulars		
Debt (note 12)	**127,018,916**	130,895,386
Cash and cash equivalent (note 10)	**(1,419,652)**	(28,862)
Net debt	**125,599,264**	130,866,524
Equity	**(116,492,930)**	(109,702,267)
Net debt to equity ratio	**-107.82%**	-119.29%

(a) Debt is defined as long and short term borrowings as detailed in note 12.

(b) Equity includes capital and reserves of the Company.

(ii) Significant accounting policies:

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 4 to the financial statements.

(iii) Categories of financial instruments:

	March 31, 2021 USD	March 31, 2020 USD
Financial assets		
Trade and other receivables *	**706,540**	2,553,756
Cash and cash equivalents	**1,419,652**	28,862
	2,126,192	2,582,618
Financial liabilities		
Trade and other liabilities (at amortised cost) *	**7,834,505**	4,817,543
Borrowings (at amortised cost)	**127,018,916**	130,895,386
	134,853,421	135,712,929

* Advances to suppliers and tax receivables amounting to USD 2,510,396 (Previous year - USD 3,088,403) have not been included in financial assets.

(iv) Currency risk

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The Company has not entered into any forward foreign exchange contracts to cover specific foreign currency exposures.

20. FINANCIAL INSTRUMENTS (CONTINUED)

(iv) Currency risk (continued)

Currency profile

The currency profile of Company's financial assets and liabilities is summarised as follows:

Particulars	March 31, 2021		March 31, 2020	
	Financial assets USD	**Financial USD**	Financial assets USD	Financial liabilities USD
United states dollars (USD)	**2,124,961**	**134,255,729**	2,581,514	135,253,049
Indian rupees (INR)	**-**	**29,939**	-	15,472
British pounds (GBP)	**-**	**19,156**	-	21,363
Singapore dollars (SGD)	**-**	**323,854**	-	281,783
Indonesian Rupiah (IDR)	**1,231**	**224,744**	1,103	141,262
	2,126,192	**134,853,421**	2,582,617	135,712,929

The following table details the Company's sensitivity to a 10% increase and decrease in the USD against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes loans to foreign operations within the Company where the denomination of the loan is in a currency other than the currency of the Company.

A positive number below indicates an increase in profit where the USD strengthens 10% against the relevant currency. For a 10% weakening of the USD against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

Currency impacts	Impact on profit and loss	
	March 31, 2021 USD	March 31, 2020 USD
INR impact	**(2,994)**	(1,547)
AED impact	**-**	-
GBP impact	**(1,916)**	(2,136)
SGD impact	**(32,385)**	(28,178)
IDR impact	**(22,351)**	(14,016)
	(59,646)	(45,878)

(v) Fair value

The carrying values of financial assets and liabilities approximate to their fair values.

(vi) Interest rate risk:

The Company is exposed to interest rate risk as it has borrowed funds bearing floating interest rates. The interest rate risk is managed by monitoring the Company's level of borrowings periodically and structuring its borrowings varying maturity and interest rate terms. The Company's exposure to interest rates on financial assets and financial liabilities are detailed in liquidity risk management section of this note.

20. FINANCIAL INSTRUMENTS (CONTINUED)

(vi) Interest rate risk (continued)

The sensitivity analysis below have been determined based on the exposure to interest rates for instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit and loss for the year ended March 31, 2021 would decrease / increase by USD 232,072 (previous year USD 241,103). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

The Company has not entered in to interest rate swap contracts and / or forward interest contracts to manage its interest rate risk

(vii) Credit risk:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has majority of its receivables from group companies; hence, credit risk is minimum. In case of trade receivables from outsiders, management does not perceive any significant credit risk.

Cash and cash equivalents are held with reputable and credit worthy banks.

(viii) Liquidity risk:

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

In respect of term loan and other financial liabilities, the Company is exposed to liquidity risk. The maturity analysis of the said financial liabilities on gross basis is as under:

	March 31, 2021 USD	March 31, 2020 USD
- Within 1 year	**134,853,421**	105,690,139
- After 1 year but before 3 years	**-**	30,022,790
- After 3 years but before 5 years	**-**	-
- 5 years and beyond	**-**	-
Total	**134,853,421**	135,712,929
Less: Unamortised loan arrangement fees adjusted	**-**	-
Total	**134,853,421**	135,712,929

The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

(ix) Fair value of financial instruments:

All financial assets are initially recognised at fair value of consideration paid. Subsequently, financial assets are carried at fair value or amortised cost less impairment. Where non-derivative financial assets are carried at fair value, gains and losses on remeasurement are directly recognised in equity unless the financial assets have been designated as being held at fair value through profit or loss, in which case the gains and losses are recognised directly in the statement of comprehensive income. Financial assets are designated as being held at fair value through profit or loss when it is necessary to reduce measurement inconsistency for related assets and liabilities. All financial liabilities other than derivatives are initially recognised at fair value of consideration received net of transaction costs as appropriate (initial cost) and subsequently carried at amortised cost.

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values except the derivative liability which has been recognised at fair value on the basis of directly observable market inputs other than Level 1 inputs and hence is belonging to the Level 2 category.

21. TAXATION

The Company has been established as Category 1 Global Business company for the purpose of the Financial Service Act 2007. The profit of the Company, as adjusted for tax purpose, is subject to income tax at the rate of 15%. It is, however, entitled to tax credit equivalent to the higher of the foreign taxes paid and 80% of the Mauritius tax on its foreign source income under the Income Tax Act 1995 read with the Income Tax (Foreign Tax Credit) Regulations 1996 read with the relevant Double Taxation Avoidance Agreement (DTAA). Interest income from call and deposit accounts held with any bank under Banking Act, 2004 are exempt from tax and there is no tax on capital gains in Mauritius.

The directors, in accordance with the Company's accounting policy, have not recognised deferred tax asset on the tax losses suffered by the Company in Mauritius operations.

The Company had employed its asset in Indonesia during the period 2011 to 2015 and is registered as BUT Essar Oilfields Services Limited ("Indonesian PE") as per local requirements. The Oilfields services business in Indonesia is subject to deemed taxation which is 6% of the assessed deemed income of the Indonesian PE. Corporate taxes are payable monthly and annual Branch tax computed based on calendar year is to be discharged within 4(four) months of close of the calendar year.

(a) Effective tax reconciliation

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective tax rate for the year ended March 31, 2021 and March 31, 2020 are as follows:

	March 31, 2021 USD	March 31, 2020 USD
Loss before tax	**(6,790,663)**	(46,196,344)
Income tax		
Statutory income tax rate of 15%	**(1,018,599)**	(6,929,452)
Non taxable (income) / non deductible expenses	**1,018,599**	6,929,452
Income tax recognised in the statement of profit or loss and other	**-**	-

(b) Current tax liability as appearing in the statement of financial position:

	Provision for tax USD	**Advance tax USD**	**Net USD**
As at April 01, 2020	(3,513,057)	-	(3,513,057)
Advance tax	-	-	-
Exchange difference	(431,725)	-	(431,725)
As at March 31, 2021	**(3,944,782)**	**-**	**(3,944,782)**

The Company had approached the Indonesian Tax Authorities for reassessment of tax liability and received a demand notice for IDR 57,297,961,030/- on March 16, 2020 from them. Accordingly, the tax liability has been restated in the books.

21. TAXATION (CONTINUED)

Notes : Deferred tax assets have not been recognised on unutilised tax losses amounting to US$ 225,038,136 as at March 31, 2021 (2020: US$ 246,156,837) which are as follows :

Schedule of accumulated tax losses to be carried forward

Year of assessment	Tax losses USD	Tax losses utilised/ lapsed USD	Total Tax loss to be carried forward USD
2009	(58,530,847)	-	(58,530,847)
2010	(68,091,781)	-	(126,622,628)
2011	(43,794,614)	-	(170,417,242)
2012	(29,170,358)	-	(199,587,600)
2015	(10,577,373)	-	(210,164,973)
2016	(28,800,413)	-	(238,965,386)
2017	(23,387,963)	23,181,274	(239,172,075)
2018	8,060,482		(231,111,593)
2019	862,944		(230,248,649)
2020	7,273,086		(222,975,563)
2021		(2,062,573)	(225,038,136)
Total	**(246,156,837)**	**21,118,701**	**(225,038,136)**

There is no time limit to adjust the carry forward capital allowances against the future profits.

22 CONTINGENT LIABILITIES

(i) Claims not acknowledged as debt

The Company has not acknowledged as debt a claim of USD 5,107,115 (March 31, 2020 USD 5,107,115) from a contractor mainly relating to the other legal costs of NORSCOT.

(ii) Guarantees given on behalf of the subsidiaries

The Company has given a corporate guarantee to its subsidiary, OGD Services Limited (Essar Oilfield Services India Limited), for an amount of USD NIL (previous year USD USD14,456,863)

23 SEPARATE FINANCIAL STATEMENTS

The Company has subsidiary at the reporting date. Under section 212 of the Mauritius Companies Act 2001, a company that has one or more subsidiaries is required to prepare group financial statements that comply with IFRSs - " IFRS 10 - Consolidated Financial Statements". However, section 12 of the Fourteenth Schedule of the Mauritius Companies Act 2001 provides that a company holding a Category 1 Global Business Licence may not prepare group financial statements where it is a wholly owned or virtually wholly owned subsidiary of any company. The Company has, therefore, by virtue of the provisions of paragraph 12 of the Fourteenth Schedule of the Mauritius Companies Act 2001 not prepared group financial statements.

24 GOING CONCERN

As at March31, 2021 the Current Liabilities of the Company exceed its Current Assets primarily on account of current maturities of long-term debt. The borrowings as on the reporting date is USD 92,828,734/- The value of the security, Wildcat Rig, has diminished drastically due to slump, coupled with COVID19 pandemic, in Oil & Gas sector. The directors of the Company have given careful consideration to working capital deficit and also on the repayment of borrowings as on balance sheet date. The Company has secured a contract which would generate revenue for approximately nine months. The deployment is getting delayed due to Capex arrangement and also COVID-19 effect.

The management is updating the Wildcat rig status to the lenders on regular basis. The Rig is expected to commence the operations with Pertamina, Indonesia in July 2021. Presently, the crude oil prices are stabilising and expected to firm up in near future. The day rates are also expected to improve from the existing level and may reach to more than USD150,000/- per day. The potential customers are approaching for long term contracts. With the improved day rates the management is confident of engaging the Wildcat Rig continuously for next 3 to 4 years immediately after Pertamina Contract. Basis the revenue flow for next 4 years, the Management is confident of entering into an amiable settlement plan with the lenders by way of refinancing or restructuring the existing loans.

With the foregoing explanations, the financial statements have been prepared on a going concern basis.

25 Holding and ultimate Holding Companies

The directors' of the Company consider, Essar Shipping Limited, India as holding company and Essar Shipping Mauritius Holdings Limited, Mauritius as ultimate holding company to OGD Services Holdings Limited.

26 Event after reporting period

The Coronavirus disease 2019 ("COVID-19") outbreak has caused extensive disruptions to businesses operation around the globe. On 11 March 2020, COVID-19 was labelled as pandemic by the World Health Organisation. The directors are closely watching the situation and even though there are some delays in project implementation and incurring additional cost on safety measures, the overall impact of COVID-19 on the financial statements of the Company are not considerable at this stage.

Except for the above, there have been no material events since the end of the reporting period which would require disclosure or adjustment to the financial statements for the year ended March 31, 2021.